

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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September 23, 2004

Robert N. Werlin, Esq.
John K. Habib, Esq.
Keegan, Werlin & Pabian LLP
265 Franklin Street
Boston, MA 02110
FOR: Boston Edison Company d/b/a NSTAR Electric

RE: Department's First Set of Information Requests to NSTAR Electric
NSTAR/Ocean State Power PPA Termination Agreements - D.T.E. 04-68

Dear Messrs. Werlin and Habib:

Enclosed please find the Department of Telecommunications and Energy's First Set of Information Requests to Boston Edison Company d/b/a NSTAR Electric in the above-referenced proceeding. Please provide the requested answers by September 30, 2004. If you have any questions on this request, please contact me at (617) 305-3613.

Sincerely,

/s/

Joan Foster Evans
Hearing Officer

cc. Mary L. Cottrell, Secretary
Service List
Staff as assigned

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**FIRST SET OF INFORMATION REQUESTS
D.T.E. 04-68**

Pursuant to 220 C.M.R. § 1.06 (6)(c), the Department of Telecommunications and Energy ("Department") submits to Boston Edison Company d/b/a NSTAR Electric ("Company") the following Information Requests.

I. Instructions

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate three-hole punched page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Please do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting workpapers.
5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If the Company finds that any one of these requests is ambiguous, please notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. If a question refers to an Information Request of another party, please provide that response and answer with information that supplements the previous response.

8. Please serve a copy of the responses on Mary L. Cottrell, Secretary of the Department; also submit two (2) copies of the responses to Joan Foster Evans, Hearing Officer, and one copy each to Sean Hanley, Mark Barrett, and Meera Bhalotra of the Rates and Revenue Requirements Division, and Robert Harrold, Boris Shapiro, and Marilyn Ross of the Electric Power Division.

II. Information Requests

- IR-DTE 1-1 Please provide electronic copies of Exhs. NSTAR-BEC-GOL-2, NSTAR-BEC-GOL-3, NSTAR-BEC-GOL-4, NSTAR-BEC-GOL-5, NSTAR-BEC-GOL-6, NSTAR-BEC-GOL-7, and NSTAR-BEC-GOL-8 in Excel format with the formulas contained in the cells. Please provide electronic copies of any supporting workpapers and data for the above exhibits in Excel format with the formulas contained in the cells.
- IR-DTE 1-2 Refer to Exhibit NSTAR-GOL at 14, lines 4-8. Please explain the credit from the Standard Offer Service (“SOS”) Supplier that results when the quantity that the Company must purchase to replace the Ocean State Power (“OSP”) is higher than that forecast from the units. Please cite to Exhibits NSTAR-BEC-1A and NSTAR-BEC-1B, and describe how this credit functions. Please provide a hypothetical example of this process.
- IR-DTE 1-3 Refer to Exhibit NSTAR-GOL at 14, lines 8-10. Please explain the credit to the SOS Supplier for the sale of gas. Please cite to the contract and describe how this credit functions. Please provide a hypothetical example of this process.
- IR-DTE 1-4 Refer to Exhibit NSTAR-GOL at 16. Please discuss the impact of gas layoff practices to the OSP Unit costs for the period July 2004 - December 2004.
- IR-DTE-1-5 Refer to Exh. NSTAR-RBH at 29, lines 10-15. Please provide the calculations, both in hard copy and in a working Excel spreadsheet with formulas intact, for the “series of analyses (that CEA performed) under different power and fuel price scenarios,” which “found that the proposed transaction continued to result in a reduction of the above-market costs of these contracts,” and shows that the proposed transaction is likely to result in almost six percent reduction in the above-market costs.”
- IR-DTE-1-6 Refer to Exh. NSTAR-RBH at 18, lines 9-11. Please explain how TransCanada was involved in the auction process. Provide copies of all communication between CEA, NSTAR and TransCanada relating to the auction and the termination or buy down of the OSP contracts.
- IR-DTE-1-7 Refer to Exh. NSTAR-RHB at 20. Please identify the “significant number of additional due diligence items” as well as the “series of internal accounting issues” that would account for Bidder A’s bid “requiring several weeks to resolve.” Please submit all notes and correspondences, concerned with the “series of meetings and conference calls with Bidders A and B.”

- IR-DTE-1-8 Refer to Exh. NSTAR-RBH-6, pages 1-5. Please provide a working electronic copy in Excel format with the formulas contained in the cells as well as all supporting documentation.
- IR-DTE-1-9 Refer to Exh. NSTAR-RBH at 5. Please state how many bids the company received in the 1999 auction. How many companies resubmitted their bids in the 2003 auction?
- IR-DTE-1-10 Refer to Exh. NSTAR-RBH at 21 and 22, lines 10 and 6-9, respectively. Please provide in Excel Format the re-pricing scenarios submitted by Bidder A and Bidder B as well as the “counterparty” bids “disaggregate(d)...into several components that would allow for a side-by-side comparison of bids” showing that the “TransCanada bid was the lowest viable bid.”
- IR-DTE-1-11 Refer to Exh. NSTAR-RBH at 18, lines 16-18. Please provide the analysis that CEA performed that “separately valued each PPA Entitlement to determine the total cost for the energy and capacity over the term of the agreement.”
- IR-DTE-1-12 Refer to Exh. NSTAR-RBH-5. Please provide a working electronic copy in Excel format with the formulas contained in the cells as well as all supporting documentation.
- IR-DTE-1-13 Refer to Exh. NSTAR-RBH at 16-17, lines 16-6, which refers to two pricing options included in the PPA Entitlement Bid Form. Please confirm which pricing option NSTAR used in its D.T.E. 04-68 calculations, and explain why the Companies chose that particular pricing option. Provide prices bid by Bidder B, C, and D under both options.
- IR-DTE-1-14 Refer to Exh. NSTAR-RBH at 25, which identifies the key assumptions used by the Companies to value the OSP contracts. Please provide the following information on those key assumptions:
- (1) the basis or reference for market price and energy and capacity;
 - (2) the basis or reference for projected energy production;
 - (3) the basis or reference for the discount rate of 7.82 percent.
- IR-DTE-1-15 Refer to Exh. NSTAR-GOL at 11-12 and Appendix A, Article 2 - Entitlement Payment, section 2.1, at 2-3. Please indicate if there are any additional workpapers or spreadsheets that incorporate the Entitlement Payments or a detailed description of those payments in the filing, and if so, identify those exhibits. Are the monthly totals listed inclusive of both OSP I and OSP II? Please provide all supplemental workpapers and calculations.

IR-DTE-1- 16 Refer to Exh. NSTAR-GOL at 17. Please provide a projection of the consulting and legal costs to be incurred by the Company to conduct the 2003 Auction. How much of these costs are projected to be assigned to Ocean State Power transaction. Please provide all supplemental workpapers and calculations.

IR-DTE-1- 17 Refer to Exh. NSTAR-GOL at 18. The Company stated that it would allocate the consulting and legal costs for the 2003 Auction based on the savings by contract. Please explain in detail how the allocation will be made.

IR-DTE-1- 18 Refer to Exh. NSTAR-BEC-GOL-2. Based on a discount rate of 6.61 percent, \$16.186 million in savings, and a net present value of \$11.830 million, please identify the number of years used for discounting. Provide all supporting calculations and workpapers.

IR-DTE-1- 19 Refer to Exh. NSTAR-BEC-GOL-3, page 1, Column B. Please (1) explain the basis for the forecast of the transition costs in 2004; (2) explain the basis for the assumption of two percent load growth per annum for the year 2004; and (3) provide the GWH delivered for the years 1998 through 2002.